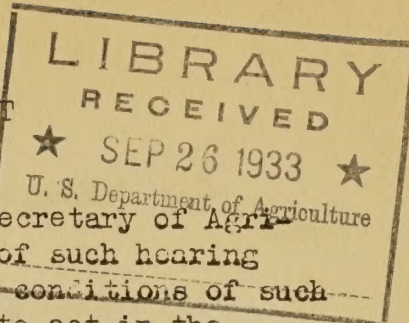


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PROPOSED COTTON GINNERS MARKETING AGREEMENT
AND CODE



This proposed agreement has been submitted to the Secretary of Agriculture with application for formal hearing. The calling of such hearing shall not be construed as approval of any of the terms and conditions of such agreement or in derogation of the right of the Secretary to act in the premises in accordance with his powers.

This Agreement entered into by and between the Secretary of Agriculture of the United States of America and each of the ginnors signatory hereto, and by and between each of said ginnors one with another,

WITNESSETH THAT:

WHEREAS, the Congress of the United States by the Agricultural Adjustment Act approved May 11, 1933, as amended, has declared that a national emergency exists due to the severe and increasing disparity between the prices of agricultural and other commodities, and

WHEREAS, by Section 2, paragraph 1, it is a declared purpose of the Act to correct marketing conditions with respect to agricultural commodities to aid in reestablishing prices to farmers at a level that will give agricultural commodities a purchasing power with respect to articles that farmers buy, equivalent to the purchasing power of agricultural commodities in the base period described in said Act, and

WHEREAS, ginning is the principal process in preparing seed cotton for market and the prices received by growers for cotton are directly affected by conditions in the ginning industry, and

WHEREAS, pursuant to said Act, the parties hereto, for the purpose of effectuating the declared policy of said Act desire to enter into a marketing Agreement under the provisions of Section 8 (2) of the Act, and

WHEREAS, the cotton ginned by the undersigned ginnors enters into the current of interstate and foreign commerce:

NOW THEREFORE, in consideration of the promises and the mutual promises herein contained, the parties hereto agree:

ARTICLE I

DEFINITIONS

As used in this agreement, the following words and phrases shall be defined as follows:

(a) "Ginner" means such individual, firm, partnership, society, corporation, association, or others engaged in the commercial ginning of cotton for the public as may become parties signatory to this agreement.

- (b) "Ginning" means the process of separating the lint from cotton seed.
- (c) "Gin" means a single battery of one or more gin stands discharging into the same press box.
- (d) "Plant" means any cotton ginning establishment regardless of the number of batteries contained therein, including apparatus for cleaning and drying seed cotton, boll breaking and separating, or other processes of the preparation of seed cotton for the separating of the lint from the seed, the collecting of the lint and seed, the wrapping, ticing, weighing, and identifying of the baled lint.
- (e) "Ginning community" as used herein shall refer to those ginning plants located in any section or territory where similar ginning conditions usually prevail, such as similarity of soil, season, type of cotton grown, ginning customs, and other conditions which may affect community relationships and operation of cotton gins.
- (f) "Grower" means any individual, firm, partnership, corporation or association engaged in growing cotton.
- (g) "Secretary" means the Secretary of Agriculture of the United States.
- (h) "Act" means the Agricultural Adjustment Act approved May 12, 1933, as amended.
- (i) "State Committee" means a State Administrative Committee created pursuant to Article II, Section 1, of this agreement.
- (j) "National Committee" means the National Administrative Committee created pursuant to Article II, Section 2 of this agreement.

ARTICLE II

ADMINISTRATION

1. Within 15 days after the effective date of this Agreement as fixed by the Secretary, the ginners of each state shall elect a State Administrative Committee, provided however, that two or more adjacent states may elect a single Committee to represent such states.

Each State Committee shall consist of five ginners and a duly authorized agent of the Secretary who shall act in the interests of the growers of the territory represented. Each gin plant within the territory to be represented by such Committee shall be entitled to one vote for such Committee.

A member of the Committee shall be elected by vote of the Committee to act as Chairman.

2. The Chairmen of the several State Committees shall constitute a National Administrative Committee. The National Administrative Committee shall elect one of its members to act as Chairman.

3. It shall be the duty of each State Committee:

(a) To supervise the performance of this Agreement and to act as intermediary between the ginnors under its jurisdiction and the National Administrative Committee.

(b) To employ such employees as it may deem necessary to the effectuation of its duties and to determine the salaries and define the duties of such employees.

(c) To levy assessments on ginnors on a per bale basis to raise such funds as it may find necessary to carry out its appointed duties, and to disburse such funds to carry out such duties. Provided however, that the total levy authorized by this paragraph and paragraph (d) of Section 4 hereunder shall not exceed 2 cents per bale.

(d) To receive complaints, investigate charged violations of this Agreement, make findings with reference thereto, and to issue orders based on such findings. Provided that if a member of such Committee shall in any case be a party charged with violation of this Agreement (or the representative of such a party), he shall for the purpose of the investigation and determination of the issue be deprived of all his rights, duties and privileges as a member of the State Administrative Committee.

Any order of the State Committee shall be subject to a right of appeal through the National Committee to the Secretary.

(e) To report to the National Committee the refusal of any ginner to conform to an order of the State Committee.

(f) To furnish to the National Committee complete records of investigations and findings in any case when so requested by the National Committee.

(g) To allocate the active gins under its jurisdiction into ginning communities on the basis of similarity of conditions affecting the ginning processes. A list of the ginning communities so established, together with the boundary of each and the names of the gins in each, shall be furnished the Secretary, or his duly authorized agent, for approval.

- (h) To perform such other duties and functions as may be assigned to it under any other stipulation or provision in this Agreement.
 - 4. It shall be the duty of the National Administrative Committee:
 - (a) To coordinate and organize the activities of the several State Committees.
 - (b) To act as direct intermediary between the Secretary and the industry, and to interpret this Agreement under the direction of the Secretary.
 - (c) To employ such employees as it may deem necessary to the effectuation of its duties and to determine the salaries and define the duties of such employees.
 - (d) Subject to the limitation hereinabove set forth in Article II, Section 3 (c), through the State Committee to levy assessments on gimmers on a per bale basis to raise such funds as it may find necessary to carry out its appointed duties, and to disburse such funds to carry out such duties.
 - (e) On appeal from a decision of a State Committee, or on report by a State Committee of noncompliance with its orders, to conduct investigations, make findings with reference thereto and issue orders on such findings. Provided that if a member of such Committee shall in any case be a party appellant from a decision of a State Committee (or the representative of such an appellant), or the party refusing to abide by a decision of the State Committee (or the representative of such party), he shall for the purpose of the investigation and determination of the issue be deprived of all his rights, duties and privileges as a member of the National Administrative Committee.
- Any order of the National Committee shall be subject to a right of appeal to the Secretary.
- (f) To report to the Secretary refusal of any gimmer to conform to an order issued by the National Committee.
 - (g) To furnish to the Secretary complete records of investigations and findings in any case when so requested by the Secretary.
 - (h) To perform such other duties and functions as may be assigned to it under any other stipulation or provision in this agreement.

5. If information shall come to the knowledge of any ginner of the violation of any of the terms or conditions of this Agreement by any other ginner, the ginner having such knowledge shall notify his State Committee of such violation by a written statement containing the charges and all available substantiating evidence.

6. In aid of any investigation with respect to charges against any ginner, each ginner agrees that the State or National Committee may call upon the ginner whose transactions are under investigation to furnish a statement of the facts under oath and that the State or National Committee may designate a reputable firm of public accountants to examine, during the usual business hours, the books and records of the ginner whose practices are under investigation and report upon the matters that shall have been specified in a direction to such accountants. Said direction to the accountants must specifically set forth the matters upon which a report is required and said accountants shall not reveal to the said Committees any other matters whatsoever disclosed by said examination.

ARTICLE III

BOOKS AND RECORDS

1. It shall be the duty of the National Administrative Committee hereinbefore in Article II, Section 2 created, to establish a uniform system of cost accounting principles which shall meet with the approval of the Secretary, and each ginner shall use said system of accounting principles.

2. During the usual hours of business the books and records of each ginner shall be subject to the examination of the Secretary to assist him in the furtherance of his duties with respect to this agreement, including verification by the Secretary of the information furnished on the forms hereinafter referred to. Each ginner shall, from time to time, furnish information to the Secretary on and in accordance with forms to be supplied by him. All information obtained by or furnished to the Secretary pursuant to this paragraph shall remain the confidential information of the Secretary, and shall not be disclosed by him except upon lawful demand made by the President, by either House of Congress, or any committee thereof, or by any court. The Secretary, however, may combine the information obtained from gimmers in the form of general statistical studies or data.

ARTICLE IV

SERVICE CHARGES

1. Each ginner shall post in a conspicuous place a schedule showing the rates charged for each service. The rates so posted shall comply with the schedule of charges below set forth, or as amended.

a. Ginning.

Charges to growers for ginning services shall be based upon the actual weight and not the estimated weight of the seed cotton ginned and shall conform to the following schedule, except that

ginning charges within minimum and maximum limits shall be determined by the State Committee for each state.

- (i) For upland picked cotton: Not less than 25 cents nor more than 30 cents per cwt.
- (ii) For Pima cotton: 60 cents per cwt.
- (iii) For picked cotton in California: Not less than 23 cents nor more than 27 cents per cwt.

Provided however, that special services required in the ginning of upland long staple cotton (Staples of 1 1/16 inch or longer) shall be charged at the rate of 5 cents per cwt. over and above the rates specified except in the States of California and Arizona.

b. Drying, Cleaning, Preparation

Charges to growers for services rendered preparatory to ginning shall conform to the following schedule:

- (i) Drying of seed cotton prior to ginning: 5 cents per cwt.
- (ii) Cleaning and preparing snapped and/or bollies: 10 cents per cwt.
- (iii) Cleaning and preparing rough and dirty cotton: 5 cents per cwt.
- (iv) Cleaning and preparing slotted cotton: 15 cents per cwt.

c. Wrapping, tying, weighing, stenciling, tagging and handling

Charges to growers for the services of wrapping, tying, weighing, stenciling and handling shall be 25 cents per bale over and above the actual average cost of the bagging and ties. Said average cost of bagging and ties shall be determined by a State Committee, heretofore created in Article II.

- d. At plants not equipped with scales suitable for weighing seed cotton, the total charges to the grower for cleaning, ginning, baling and wrapping shall not exceed \$4.50 per 500 lb. gross bale and one-half cent per pound for each pound in excess thereof.

e. Storage and Insurance

Charges to growers for storage and insurance shall conform to the following schedule:

- (i) For the storage of baled cotton, 25 cents per bale for the first 20 days after ginning and 1 cent per bale for

each day thereafter, said charge to include fire insurance. Provided, however, that no ginner shall allow baled cotton to be left or to remain on the premises for more than three days after the ginning thereof without charge therefor; nor shall any ginner allow baled cotton to be left or to remain on the premises unless he can provide suitable warehousing facilities for such cotton.

- (ii) For the storage of cotton seed, 25 cents per ton for each month or fraction thereof, said charge to include fire insurance. Provided, however, that no ginner shall allow cotton seed to be stored or left on his premises which contains more than 3% foreign matter and/or more than 12% moisture; nor shall any ginner store cotton seed unless he shall be equipped with warehouse facilities which shall be suitable for keeping separate the seed of each owner and assuring to such owner the return on demand of the seed originally stored by him.

f. The Secretary may from time to time as circumstances may require, after an investigation, change the schedules of rates hereinabove set forth or any part thereof and may modify, cancel or amend any clause of this agreement affected by such change to conform with the new rate schedule.

ARTICLE V.

EQUIPMENT AND HANDLING

1. No gin shall operate or sell services to the public unless equipped with accurate scales for weighing either the seed cotton to be ginned or the lint cotton and seed after ginning.
2. No ginner shall handle through the gin any so-called rough and dirty, snapped, bolly or slodded cotton unless equipped to separate and clean the seed cotton before ginning.
3. Each ginner shall refuse to gin seed cotton of high moisture content unless he shall be equipped with suitable drying apparatus for properly conditioning such seed cotton before ginning.
4. After July 1, 1934, each commercial gin shall be equipped with minimum apparatus to comply with the following requirements:

- (a) Wagon scales

(b) Apparatus for cleaning seed cotton before ginning which shall be of one of the following types:

(1) Cleaning separator--big drum cleaning feeder--double rib huller gin.

(2) Air-cleaner--separator-small drum feeder--double rib huller gin.

(3) Separator--cylinder cleaner--small drum feeder--double rib huller gin.

(4) Separator--unit extractor feeder--plain gin.

(c) One or more gin stands which shall be placed in good mechanical condition before service shall be rendered to any customer or patron.

(d) A suitable condensing and baling apparatus.

(e) All square bale press boxes shall conform to the dimensions of 27 by 54 inches.

5. Additional gins shall not be erected nor old gins relocated or enlarged without the approval of the State Committee and the Secretary of Agriculture until it shall be shown that an economic need for such added facility exists. Provided, however, that nothing in this section shall prevent the replacement of old, worn or destroyed apparatus or equipment.

6. The ginner in any ginning community with the approval of the State Administrative Committee at any time during the ginning season may by mutual agreement determine the number of active gins necessary to handle the volume of local business, pool their interests, close certain gins on set days or for the season, and reimburse such closed plants on an equitable basis.

7. If and when the Secretary shall have promulgated or recommended standards for materials to be used for bale covering, the use of any other kind or type of bagging and ties shall be prohibited.

8. If and when the Secretary shall have promulgated or recommended the use of a standard type bale identification marker, such identification marker shall be affixed to each square and/or round bale of cotton in such manner as may be prescribed by the Secretary.

9. The use of standard materials in any crop year in accordance with the immediately foregoing paragraphs 7 and 8 shall not be required unless promulgation or public announcement of such standards shall have been made not later than January 1st of that year.

ARTICLE VI.

COTTONSEED

1. The average grade of cottonseed from current ginnings shall be determined as follows: On certain days to be determined by the State Administrative Committee, each ginner in each community shall draw a fair sample of the seed from his gin. The samples from the several gins in each community shall be properly composited and thoroughly mixed. A representative sample shall be drawn from the mixture and forwarded to a qualified chemist for analysis and grading. The grade of this sample shall be considered the average grade of the cottonseed of the community until changed by the grade of a later community sample, and each ginner shall post in a conspicuous place in the gin the grade so established.
2. Contracts for the purchase of cottonseed, in which the price to be paid is to be fixed at a subsequent date or "on call", shall specify the market on which the call shall be based and the sale of the seed in question shall be final. Replacement of seed so sold is prohibited.
3. In the purchase of cottonseed from the producer, ginner shall pay 85 per cent of the carlot price for cottonseed on the date of purchase; provided, that in no case shall the difference between the carlot price and the producer price exceed \$3.00 per ton when the average grade of the seed of current ginnings is 100 or higher, nor \$4.00 per ton when the average grade of the seed of current ginning is below 100.
4. Where cottonseed scales are not in common use and seed weights are figured on a percentage basis, the deduction for dirt, trash, and foreign matter shall be determined by various State Administrative Committees from time to time during ginning season. The recommendation of said Committees shall be binding on gins under their supervision. No foreign matter once removed from seed cotton shall be returned into seed. After July 1, 1934, gins shall purchase seed on actual weight of same.
5. Plant breeders and certified cottonseed growers registered and approved under the laws of the several States shall have the privilege of contracting acreage, exclusive ginning, storage, and sale of planting seed.

ARTICLE VII

TRADE PRACTICES

1. The payment or allowance of rebates, refunds, bonuses of any kind, whether in the form of money or otherwise, or extending to customers special services or privileges not extended to all customers under like terms and conditions, with the intent and with the effect of injuring a competitor and where the effect may be to substantially lessen competition, is an unfair trade practice and is prohibited.

2. Offering stock ownership or any interest in a gin to a grower with the intent and effect of injuring a competitor and where the effect may be to substantially lessen competition, is an unfair trade practice and is prohibited.

3. The extending of unsecured credit for services is prohibited.

4. The purchase of cotton in the seed is prohibited, provided, however, that ginnors shall be allowed to purchase remnants of seed cotton at the close of each grower's season.

ARTICLE VIII

SAMPLING

1. Each ginner shall, when requested in writing by the Secretary or his duly authorized agent, draw from the gin box a true and representative sample of each bale ginned and will forward the same to the Secretary, with such identification marks and information as the Secretary may require. Each such sample shall weigh approximately four ounces. Wrappers and forwarding costs of such samples shall be paid by the Secretary, but the withdrawal of the samples shall be without compensation.

ARTICLE IX

MISCELLANEOUS

1. Any ginner may become a party to this Agreement on equal terms with the signatories hereto.

2. Nothing herein contained shall be construed in derogation of the rights of the Secretary to exercise any powers granted to him by the Act and, in accordance with such powers, to act in the premises whenever he shall deem it advisable.

3. Neither the members of any Committee nor the Secretary shall be held responsible in any way to any ginner or any other person for errors in judgment, mistakes or other acts either of omission or commission except in case of dishonesty. It is understood by all ginnors that it will be necessary for the various Committees and the Secretary to rely upon estimates and data which may be uncertain and susceptible of error.

4. The invalidity of any of the stipulations or provisions of this agreement shall not in any way affect the validity of the other stipulations and provisions hereof.

5. The ginnors hereby apply for and consent to licensing by the Secretary, subject to General Regulations, Agricultural Adjustment Administration, Series 4, prescribed by the Secretary and approved by the President.

ARTICLE X

AMENDMENTS, DURATION AND TERMINATION

1. Amendments may be proposed by any ginner. Each proposal shall be filed with the appropriate State Committee for consideration. Upon approval the State Committee shall submit the proposed amendment to the National Committee which in turn, upon approval shall submit the proposed amendment to the Secretary with recommendations. Amendments shall become effective upon approval of the Secretary and upon such date as he shall determine.

2. This agreement shall become effective at such date as the Secretary may determine and shall continue in force until the last day of the calendar month following the aforesaid date and thereafter from month to month, except that;

(a) The Secretary may, by notice in writing sent by registered mail, addressed to the Chairman of the National Committee on or before the 20th day of any month, terminate said contract as of the end of such month.

(b) Upon the written request of ginnors, the sum of whose average output by the bales over the period of the last three preceding calendar years equals 75% of the average of the total output by bales in said years by all ginnors parties hereto, the Secretary shall, by notice in writing sent by registered mail, addressed to the Chairman of the National Committee on or before the 20th day of any month, terminate said contract as of the end of such month.

(c) This agreement shall in any event terminate whenever the President or Congress shall terminate those provisions of the Act which authorize this Agreement.

3. The benefits, privileges and immunities conferred by virtue of this agreement shall cease upon its termination except with respect to acts prior thereto, and the benefits, privileges and immunities conferred by virtue of this agreement upon any party signatory hereto shall cease upon its termination as to such party except with respect to acts done prior thereto.

This agreement may be executed in multiple counterparts. Each ginner becoming a party to this agreement by execution of a counterpart shall sign and deposit with the Secretary said counterpart and, if a corporation, shall deposit together with said signed counterpart a certified copy of a resolution of the Board of Directors or of the stockholders authorizing such signing and delivery. This agreement together with all counterparts shall constitute one and the same instrument as if all signatures were contained in one original.

IN WITNESS WHEREOF, the contracting ginnors, acting under the provisions of the Agricultural Adjustment Act, and not otherwise, for the purposes and within the limitations herein contained, have herunto set their respective hands and seals.

This proposed code has been submitted to the Secretary of Agriculture with application for formal hearing. The calling of such hearing shall not be construed as approval of any of the terms and conditions of such code, or in derogation of the right of the Secretary to act in the premises in accordance with his powers..

CODE

Proposed by the cotton ginning industry and submitted to the Secretary of Agriculture with request for formal hearing thereon.

ARTICLE I

PURPOSE

It is the declared purpose of this code to aid in the effectuation of Title I of the National Industrial Recovery Act by adjusting wages and labor conditions in the cotton ginning industry and thereby increase purchasing power and the consumption of industrial and agricultural products.

ARTICLE II

WAGES AND HOURS OF LABOR

1. The minimum rates of pay for labor shall be as follows:
 - (a) For unskilled and semi-skilled labor, not less than 15 cents per hour.
 - (b) For skilled labor, not less than 25 cents per hour.
2. The hours of work shall be as follows:
 - (a) The daily wage shall be based upon 10 hours per day work. Labor shall be paid at the rate of one and one-third the hourly wage for each hour worked over ten hours per day.
 - (b) No individual shall be employed in excess of 260 hours in any one calendar month.
 - (c) It is recognized that the activity of a gin is directly dependent upon weather conditions and the supply from the growers of cotton and that the gin is at times idle. A laborer in such gin shall be considered as "employed" and "at work" during the time when he is required to be on the premises and subject to call to active labor.

- (d) None of the provisions of this Article shall apply to executive officers, superintendents, firemen, engineers, watchmen, or repairmen.

3. In accordance with Section 7 (a) of the National Industrial Recovery Act, it is hereby stipulated:

- (a) That employees shall have the right to organize and bargain collectively through representatives of their own choosing, and shall be free from the interference, restraint, or coercion of employers of labor, or their agents, in the designation of such representatives for the purpose of collective bargaining or other mutual aid or protection;
- (b) That no employee and no one seeking employment shall be required as a condition of employment to join any company union or to refrain from joining, organizing, or assisting a labor organization of his own choosing.

ARTICLE III

ADMINISTRATION

1. The performance of the conditions of this Code shall be supervised as follows:

- (a) The State Administrative Committees elected pursuant to Article II, Section 1, of an agreement entitled "Marketing Agreement for the Cotton Ginning Industry" entered into by the Secretary of Agriculture and certain cotton ginnerers shall act as supervising bodies in the districts under their jurisdiction.
- (b) The State Administrative Committees shall cooperate with the National Administrative Committee created pursuant to Article II, Section 2, of the above-mentioned marketing agreement. The National Administrative Committee shall act as the coordinating body between the President and the industry.

ARTICLE IV

MODIFICATION AND CANCELLATION

1. Pursuant to Section 10 (b) of the National Industrial Recovery Act, the President is authorized from time to time to cancel or modify any order, approval, license, rule or regulation issued under Title I of said Act.

ARTICLE V

TERMINATION

1. This Code may be terminated at any time upon declaration by the President.

2. This Code shall in any event terminate whenever the provisions of the Act authorizing this Code shall cease to be in effect.

Washington, D. C.

PROPOSED AMENDED MARKETING AGREEMENT

FOR THE

COTTON GINNING INDUSTRY

I

The parties to this Agreement are the Ginners, the Contracting Producers, and the Secretary of Agriculture of the United States.

WHEREAS, it is the declared policy of Congress as set forth in Section 2 of the Agricultural Adjustment Act, approved May 12, 1933, as amended --

- (a) To establish and maintain such balance between the production and consumption of agricultural commodities and such marketing conditions therefor, as will reestablish prices to farmers at a level that will give agricultural commodities a purchasing power with respect to articles that farmers buy, equivalent to the purchasing power of agricultural commodities in the base period, the base period in the case of all agricultural commodities except tobacco being the pre-war period, August 1909-July 1914, and in the case of tobacco, the base period being the post-war period, August 1918-July 1929;
- (b) To approach such equality of purchasing power by gradual correction of the present inequalities therein at as rapid a rate as is deemed feasible in view of the current consumptive demand in domestic and foreign markets; and
- (c) To protect the consumers' interest by readjusting farm production at such level as will not increase the percentage of the consumers' retail expenditures for agricultural commodities, or products derived therefrom, which is returned to the farmer above the percentage which was returned to the farmer in the pre-war period, August 1909-July 1914;

And --

WHEREAS, pursuant to the Agricultural Adjustment Act, the parties hereto, for the purpose of correcting conditions now obtaining in the ginning of seed cotton, the grading and sale of cottonseed in less than carlots, and to effectuate the declared policy of the Act, desire to enter into a Marketing Agreement under the provisions of Section 8 (2) of the Act:

NOW, THEREFORE, the parties hereto agree as follows:

II

As used in this Agreement --

A. The term "Secretary" means the Secretary of Agriculture of the United States.

B. The term "Act" means the Agricultural Adjustment Act, approved May 12, 1933, as amended.

C. The term "Person" means individual, partnership, corporation, association, society, or any other business unit.

D. The term "Ginner" means persons, irrespective of whether any such person is a producer, engaged in the business of ginning seed cotton, as may become parties signatory to this Agreement according to the terms hereof.

The term "Non-Contracting Ginner" means any person who performs any of the functions hereinabove described and has not become a party signatory to this Agreement according to the terms hereof.

E. The term "Ginning" means the process of separating the lint from the seed cotton, including the services of baling, wrapping, tying, weighing, stenciling and tagging.

F. The term "Gin" means a single battery of one or more gin stands discharging into the same press box.

G. The term "Plant" means any cotton ginning establishment regardless of the number of batteries contained therein, including apparatus for cleaning and drying seed cotton, bell breaking and separating, or other processes of the preparation of seed cotton for the separating of the lint from seed cotton, the collection of the lint and seed, the wrapping, tying, weighing and identifying of the baled lint.

H. The term "Ginning community" shall refer to those ginning plants located in any section or territory (or any subdivision of such section or territory as the State Committee shall define) where similar ginning conditions usually prevail, such as similarity of soil, season, type of cotton grown, ginning customs, and other conditions which may affect commodity relationships and the operation of cotton gins. The State Committee may combine ginning communities into zones for the purpose of establishing rates.

I. The term "Producer" means any person, irrespective of whether any such person is also a ginner, who grows cotton.

The term "Contracting Producer" means any producer, or any association of producers, as may become a party signatory to this Agreement according to the terms hereof.

J. The term "State Committee" means a State Administrative Committee created pursuant to Article III, Section A, of this Agreement.

K. The term "National Committee" means the National Administrative Committee created pursuant to Article III, Section B, of this Agreement.

L. The term "Seed cotton" means the harvested fruit of the cotton plant in whatever condition it may be brought to the gin for service.

M. The term "Remnant seed cotton" shall mean seed cotton containing the equivalent of not over 350 pounds of lint cotton on the seed, being the entire crop of one grower or the end season harvestings of one grower.

N. The term "Cleaning" means the removal from seed cotton of small particles of foreign matter such as sand, dirt, pin trash, broken leaf, shuck pieces, and the like.

O. The term "Extracting" means the process of extraction or separation from seed cotton of large particles of foreign matter such as burrs, hulls, leaves, stems, sticks, stones, and the like. Extracting shall be deemed to include satisfactory cleaning action but cleaning shall not be deemed to be a satisfactory substitute for extracting.

P. The term "Separator" as used herein shall refer to any mechanical or pneumatic device employed in the handling of seed cotton for the purpose of separating or removing seed cotton from an air stream or conveying current of air. Mechanical separators shall be deemed to include all continuous discharge separators, whether equipped with vacuum wheel or belt seal. Pneumatic separators shall be deemed to include all intermittent discharge separators, generally known to the trade as "Droppers", "pneumatic elevators" and the like. "Combined Cleaner Separator" as herein used shall refer to those mechanical types of separators comprising one or more spiked cleaning cylinders and screens disposed within the inlet portion of said apparatus in combination with the conventional vacuum wheel or belt seal discharge.

Q. The term "Cleaning Feeder" as used herein, whether "small drum" or "big drum", shall refer to the conventional type of apparatus employed to mechanically feed seed cotton to a gin stand at a selective rate, and shall comprise a cotton inlet, means for controlling the flow of seed cotton through the device, one or more spiked cleaning cylinders in combination with suitable screening surface, and means for uniform discharge of said seed cotton into the gin stand at the rate selected. Cleaning feeders having a single spiked cleaning cylinder of not more than eighteen inches tip diameter shall be deemed to be "small drum" cleaning feeders. Cleaning feeders having a single spiked cleaning cylinder of greater diameter than eighteen inches or having a plurality of spiked cylinders of not less than twelve inches tip diameter shall be deemed to be "big drum" cleaning feeders.

R. The term "Distributor or pneumatic chute" as used herein shall refer to the conventional apparatus employed at cotton gins for the distribution of seed cotton to the various units of machinery such as cleaning feeders and the like.

S. The term "Huller gin stand" as used herein shall include saw gin stands of either the single or double rib huller type in combination with picker roll and huller front.

T. The term "Plain gin stand" as used herein refers to those single rib saw gin stands having one set of plain ribs in combination with a plain front.

U. The term "Roller gin stand" as used herein refers to that distinct kind or type of gin stand comprising one or more covered rollers in combination with fixed and moving knives, customarily employed for the purpose of ginning cotton of the Sea Island and Egyptian types.

V. The term "Unit extractor feeder" as used herein shall refer to special types of gin stand feeders having capacity sufficient to serve a single gin stand and combining the processes of cleaning, extracting, and feeding into one unit in such manner as to permit it to replace a cleaning feeder.

W. The term "Waster extractor" as used herein refers to extracting apparatus of sufficient size and capacity to serve a battery of gin stands.

X. The term "Books and records" means any books, records, accounts, contracts, documents, memoranda, papers, correspondence, or other written data pertaining to the business of the person in question.

Y. The term "Subsidiary" means any person, of or over whom a ginner has, or an affiliate of a ginner or several ginner collectively have, either directly or indirectly, actual or legal control, whether by stock ownership or in any other manner.

Z. The term "Affiliate" means any person and/or any subsidiary hereof, who or which has, either directly or indirectly, actual or legal control, over a ginner, whether by stock ownership or in any other manner.

III

Section A. State Administrative Committees.

1. Within fifteen days after the effective date of this Agreement and thereafter annually, prior to the first day of May, the ginner of each state or region shall elect a State Administrative Committee and alternates. Alternates shall have the right to sit in on all meetings of their respective State Administrative Committees, but shall not have the right to vote except when serving in lieu of a regular member of the Committee. Each gin within the state or region to be represented by such Committee shall be entitled to one vote, but no two members of the Committee shall represent the same gin, cottonseed oil mill or cottonseed oil refinery interest, but alternates may represent the same gin, mill or refinery interest as the member he replaces. It is hereby provided that:

(a) Two or more adjacent States may elect a single committee to represent such States.

(b) The ginnerers of Pecos, the upper Rio Grande Valley of Texas, and New Mexico may associate themselves and participate in the election of and be subject to the jurisdiction of either the New Mexico or the Texas State Administrative Committee. In the event that such choice is exercised, said ginnerers shall be subject only to the jurisdiction of the Committee in the election of which they participate in accordance with this paragraph.

(c) Nothing in this section shall be construed to prevent the appointment or election of subcommittees to aid State Committees in the administration of this Agreement, but the decisions of any such subcommittees shall in all cases be subject to the approval of the appropriate State Committee.

2. Except in the States of Oklahoma and Texas, each State Committee shall consist of five (5) ginnerers and alternates and a duly authorized agent of the Secretary, (hereinafter called the "Agent Member"), and who shall act in the interests of the growers of the territory represented and perform such other duties as the Secretary may require. A ginner member of the Committee shall be elected by vote of the Committee to act as Chairman.

The ginnerers of Illinois shall be grouped with the ginnerers of the States of Missouri and Arkansas for the purpose of electing a single Committee to represent such States.

In Oklahoma and Texas the State Committees shall consist of six (6) ginnerers and alternates, and an Agent Member. At least one of said ginner members shall be chosen by the legally chartered cooperative associations and societies of the State to be represented.

3. Upon election, the names of all the members shall be certified by the party or parties conducting such elections to the Secretary for his approval. The Secretary shall require that such certification include a statement of the vote by, and the manner in which, the respective members were elected. Members whose names have been certified to the Secretary and approved by him shall enter upon the discharge of their duties. If the Secretary shall not approve a member, there shall be a vacancy on such State Administrative Committee. Any member may be removed, with or without cause, by a vote of ginnerers, as the case may be, equal, in volume and number, to at least three-fourths of the volume and number by which he was originally elected. Any member may be removed by the Secretary for cause. Any vacancies on a Committee shall be filled in the same manner and by the same parties as provided for in the original election.

Each State Administrative Committee shall be organized by the selection of a Chairman and Vice-Chairman, who shall be members, and a Secretary-Treasurer who may or may not be a member. Each State Administrative Committee may employ agents, assistants, and clerks as may be necessary to perform its duties.

The ginner and contracting producers shall severally from time to time upon the request of the Agent Member furnish him with such information on and in accordance with forms to be supplied by him as the State Administrative Committee deems necessary to enable it to carry out the purposes of this Agreement, such reports to be verified under oath, if so requested by the State Administrative Committee.

To enable the Agent Member to verify the information furnished him upon said forms and reports, all of the books and records of each ginner and each contracting producer shall, during the usual hours of business, be subject to the examination of the Agent Member.

All information furnished the Agent Member pursuant to this paragraph shall remain confidential, provided, however, that upon authorization by the State Administrative Committee totals and sub-totals of ginning volume may be compiled in such way as not to reveal the identity of information supplies by individual ginner and/or contracting producers, and such totals and sub-totals may be released to all contracting parties by publication or otherwise as the State Administrative Committee may direct.

All officers and employees of the State Administrative Committee who handle funds of the State Administrative Committee, or who sign or countersign checks upon such funds, shall severally give bond in such amounts and with such sureties as shall be determined by the State Administrative Committee. The cost of such bonds shall be paid by the State Administrative Committee and the State Administrative Committee shall determine the amount and sufficiency of such bonds.

The members shall be reimbursed for the actual and necessary expenses incurred in the performance of their duties, and may be compensated for their services at not to exceed five dollars (\$5.00) per day for each day of attendance at the meetings of the State Administrative Committee, or for each day devoted at the request of the State Administrative Committee to the business thereof.

4. Subject to such regulations as the Secretary may prescribe, it shall be the duty of the State Administrative Committee:

- (a) to meet upon call of the Secretary and/or chairman at regular bi-monthly intervals and/or upon special call, and the chairman shall issue call for meeting upon the written request of any two members;
- (b) to receive and investigate complaints of violations of the terms or conditions of this Agreement, and to issue warnings with respect thereto; provided, that if a member of any Committee shall in any case be a party or a representative of a party charged with violations of this Agreement, he shall, for the purpose of the investigation and determination of the issue, be deprived of all his rights, duties and privileges as a member of the Committee;
- (c) to adjust disputes arising under this Agreement between producers and/or ginner;

- (d) to report its findings, with recommendations, to the Secretary for proceedings under the Act or otherwise, as he may deem advisable;
- (e) to administer the performance of this Agreement;
- (f) to account at least once annually to the signatories of this Agreement and to the Secretary for all funds collected by it pursuant to this Agreement.
- (g) to report immediately to the National Committee the refusal of any ginner to conform to a ruling of the State Committee;
- (h) to furnish to the Secretary or to the National Committee complete records of investigations and findings in any case when so requested by the Secretary or the National Committee, and such further reports to the Secretary, on and in accordance with forms to be determined by him, as he may from time to time request;
- (i) to perform such other duties and functions as may be required in the proper administration of this Agreement or as may be assigned to it under any other stipulation or provision contained herein.

5. No member of the State Administrative Committee, or member of any committee, nor an employee, shall be held responsible individually in any way whatsoever to any ginner, for errors in judgment, mistakes or other acts either of commission or omission, as such member or employee, except for acts of dishonesty.

6. Any ruling of a State Administrative Committee shall be subject to a right of appeal to the National Committee within fifteen days after the issuance of said ruling.

7. It being found necessary, in order to support the administration of this Agreement and to effectuate the policy of the Act, each State Administrative Committee is authorized, subject to the approval of the Secretary:

(a) To incur such reasonable obligations as are necessary and proper for the foregoing purposes and for the purposes set forth in Section B, and to meet such obligations out of funds which may be raised as hereinafter provided and which shall be held in trust for the purposes of the Agreement;

(b) To submit to the Secretary for his approval, subject to such notice and opportunity to be heard as the Secretary may deem necessary, (1) an itemized budget of its estimated expenses for the foregoing purposes, (2) an itemized budget of the estimated expenses for the purposes set forth in Section B, and (3) an equitable basis upon which the funds necessary to support such budget shall be contributed by members of the Industry;

(c) After such budget and basis of contribution have been approved by the Secretary, to determine and secure equitable contribution as above set forth by all members of the Industry.

8. Each member of the Industry shall contribute and pay to the State Administrative Committee its share, determined as hereinabove provided, of the funds so to be raised by the State Administrative Committee.

Section B. National Administrative Committee.

1. The chairman of the several State Administrative Committees and a duly appointed agent of the Secretary shall constitute a National Administrative Committee. Any member may be removed by the Secretary for cause.

(a) The National Administrative Committee shall elect a Chairman and such other officers as may be needed, and shall adopt such rules and regulations as may be necessary, for the conduct of its business.

(b) The National Administrative Committee shall appoint an Executive Secretary, subject to the approval of the Secretary, and such other employees as are deemed necessary, and shall determine the salaries, and define the duties of the Executive Secretary and other employees.

(c) Meetings shall be held upon the call of the Executive Secretary, the Chairman of the National Administrative Committee, and/or upon the call of three-fifths of the State Administrative Committees.

(d) Voting power among the members of the National Administrative Committee shall be equal; each member shall have one vote. In the event that members do not attend a meeting of the National Administrative Committee, they may vote by proxy or by telegraphic communication.

(e) The members shall be reimbursed for the actual and necessary expenses incurred in the performance of their duties, and may be compensated for their services at not to exceed ten dollars (\$10.00) per day for each day devoted, at the request of the National Administrative Committee, to the business thereof.

2. The National Administrative Committee shall have the following duties and/or powers.

(a) To coordinate the activities of the several State Committees.

(b) To act as direct intermediary between the Secretary and the State Administrative Committees, and to interpret this Agreement under the direction of the Secretary.

(c) To employ such employees as it may deem necessary to the effectuation of its duties and to determine the salaries and define the duties of such employees.

(d) Subject to the limitation hereinabove set forth in paragraph 7 of Section A of this Article, through the State Committees to collect funds from ginners on a per bale basis, to raise such funds as may be necessary to carry out its duties and/or powers as herein set forth and to disburse such funds to carry out such duties and/or powers.

(c) On appeal from a decision of a State Committee, or on report by a State Committee of noncompliance with its rulings, to conduct investigations, to make findings with reference thereto and issue rulings on such findings. Provided, that if a member of such Committee shall in any case be a party appellant from a decision of a State Committee (or the representative of such an appellant), or the party refusing to abide by a decision of the State Committee (or the representative of such party); he shall for the purpose of the investigation and determination of the issue be deprived of all his rights, duties and privileges as a member of the National Administrative Committee. Any ruling of the National Committee shall be subject to a right of appeal within fifteen days after the issuance of said ruling to the Secretary.

(f) To immediately report to the Secretary (1) the refusal of any ginner to conform to a ruling issued by the National Committee, and (2) activities of non-contracting ginner in relation to the general purposes of this Agreement.

(g) To furnish to the Secretary complete records of investigations and findings in any case when so requested by the Secretary. And such further reports, on and in accordance with forms to be determined by him as the Secretary may, from time to time, request.

(h) To perform such other duties and functions as may be required in the proper administration of this Agreement or as may be assigned to it under any other provision therein.

1. The schedule governing the maximum rates for the ginning season 1934 - 35, for ginning and other services shall be that set forth in Exhibit A, which is attached hereto and made a part hereof. The schedule of rates for each season following the 1934 - 35 season shall be determined prior to each season by the Secretary acting with the advice of the National Committee.

Provided that the establishment of such maximum rate schedules is without prejudice to the right of any ginner who asserts that such maximum prices are in excess of the prices necessary to accomplish the purpose set forth in paragraph 1 of Exhibit A, to a hearing on the question of a modification or amendment of this Agreement, in accordance with the applicable General Regulations, Agricultural Adjustment Administration.

2. The rates for ginning and other services (within the maximum limits herein set forth in Exhibit A) for each ginning season and for each ginning community, and/or zone, including rates to be applicable for the ginning season 1934 - 35, shall be determined by each State Committee after public hearings in the State or region to be affected, in accordance with applicable General Regulations, Agricultural Adjustment Administration.

3. Each ginner shall post in a conspicuous place the rates to be charged for each service. The rates so posted shall be the rates established by the State Administrative Committee for the ginning community and/or zone in which each gin is located.

4. The rules governing the manner of ginning cotton and the minimum apparatus required in a gin shall be those set forth in Exhibit B, which is attached hereto and made a part hereof.

5. Rules and regulations pertaining to (a) the erection of additional gins, (b) the relocation of old gins, (c) the reopening of closed gins and (d) the enlargement of gin capacity shall be formulated by each State Committee and by the National Committee after public hearings in the State or region to be affected, in accordance with applicable General Regulations, Agricultural Adjustment Administration. Rules and regulations so formulated shall be subject to approval of the Secretary.

Provided that nothing in this Agreement, or in the aforesaid rules and regulations shall

- (a) deny the right of cooperative associations or societies to operate gins in accordance with State and Federal laws;
- (b) be construed as controlling or restricting any producers' cooperative association or society with respect to actual deductions or charges, dividends or premiums to be made by such association from and/or to its members;

- (c) prevent the replacement of old, worn, or destroyed apparatus or equipment in active gins;
- (d) prevent the reopening of active gins that have been temporarily closed.
- (e) prevent two or more ginners in any ginning community from making an agreement to pool their interest and close certain gins on set days or for the season or seasons. Such an agreement shall, however, be subject to the approval of the State Committee and the Secretary and such an agreement shall contain provisions for reimbursement to the operators of the closed plants on an equitable basis by the other party or parties to such an agreement.

6. The schedule governing prices at which, and the terms and conditions under which, ginners shall grade, purchase or accept delivery of cottonseed from producers, shall be that set forth in Exhibit C, which is attached hereto and made a part hereof.

7. For the purpose of carrying out this Agreement, each ginner shall be eligible for loans from the Reconstruction Finance Corporation, subject to the conditions of Section 5 of the Reconstruction Finance Corporation Act, as amended. Such loans to any ginner shall be in such amount or amounts as may be agreed upon between such ginner and the Reconstruction Finance Corporation but such loans to any ginner shall not exceed \$15,000 per plant.

8. (a) The ginners shall severally, from time to time, upon the request of the Secretary, furnish him with such information on and in accordance with forms of reports to be supplied by him for the purposes of (1) assisting the Secretary in the furtherance of his powers and duties with respect to this Agreement and/or (2) enabling the Secretary to ascertain and determine the extent to which the declared policy of the Act and the purpose of this Agreement are being effectuated; such reports to be verified under oath. The Secretary's determination as to the necessity of and the justification for the making of any such reports, and the information called for thereby, shall be final and conclusive.

(b) For the same purposes and/or to enable the Secretary to verify the information furnished him on said forms and reports, all the books and records of each ginner and the books and records of the affiliates and subsidiaries of each ginner, shall, during the usual hours of business, be subject to the examination of the Secretary. The Secretary's determination as to the necessity of and the justification for any such examination shall be final and conclusive.

- (c) The ginners and their respective affiliates and subsidiaries shall severally keep books and records which will clearly reflect all the financial transactions of their respective businesses and the financial condition thereof.
- (d) The ginners and contracting producers severally agree that upon the request of the Secretary, they will procure the execution by their respective affiliates and subsidiaries of supplemental Agreements with the Secretary; in form satisfactory to the Secretary, by which each such affiliate and subsidiary will agree to comply with and assist in the performance of the provisions of this paragraph.
- (e) All information furnished the Secretary pursuant to this paragraph, shall remain confidential in accordance with the applicable General Regulations, Agricultural Adjustment Administration.

9. The Secretary may, by designation in writing, name any person, including any officer or employee of the Government, to act as his representative in connection with any of the provisions contained in this Agreement to be performed by the Secretary.

10. If any provision of this Agreement is declared invalid, or the applicability thereof to any person, circumstance or thing is held invalid, the validity of the remainder of this Agreement, and/or the applicability thereof to any other person, circumstance or thing, shall not be affected thereby.

11. Nothing herein contained shall be construed in derogation of the right of the Secretary to exercise any powers granted him by the Act, and in accordance with such powers, to act in the premises whenever he shall deem it advisable.

12. The ginners hereby apply for and consent to licensing by the Secretary, subject to the applicable General Regulations, Agricultural Adjustment Administration.

13. This Agreement confers no exemption from the Anti-Trust Laws of the United States and does not make lawful any acts otherwise unlawful, excepting as provided in the Act to the extent necessary to accomplish the purposes of this Agreement.

14. This Agreement may be executed in multiple counterparts and when one counterpart is signed by the Secretary, all such counterparts

shall constitute, when taken together, one and the same instrument as if all such signatures were contained in one original.

15. After this Agreement first takes effect, any association of producers or any non-contracting ginner may become a party to this Agreement, if a counterpart thereof is executed by it or him and by the Secretary. This Agreement shall take effect as to such new contracting person at such time as the Secretary may declare above his signature attached to such counterpart, and the benefits, privileges, and immunities conferred by this Agreement shall then be effective as to such new contracting person.

16. This Agreement shall become effective at such time as the Secretary may declare above his signature attached hereto. This Agreement shall continue in force until terminated in one of the following ways:

- (a) The Secretary may, at any time, terminate this Agreement as to all parties hereto, by giving at least one day's notice by means of a press release or any other manner which the Secretary may determine.
- (b) The Secretary may, at any time, terminate this Agreement as to any party signatory hereto, by giving at least one day's notice by depositing the same in the mail, addressed to such party at his last known address.
- (c) The Secretary shall terminate this Agreement upon the request of sixty-seven per cent (67%) of the ginner, measured by total volume of cotton ginned by the ginner during such period, by giving notice in the same manner as provided in Section (a) of this paragraph; provided, however, that the termination of this Agreement shall be determined by the National Administrative Committee, through the medium of an election called to consider such termination, upon the written request of 15 per cent of the ginner within fifteen (15) days of the receipt of such request.
- (d) This Agreement shall, in any event, terminate whenever the provisions of the Act authorizing it cease to be in effect.

17. Any term of this Agreement, with the exception of paragraph 13 hereof, may be amended upon the consent of sixty per cent (60%) of the ginner, measured by total volume of cotton ginned by ginner during such marketing season; provided, however, that any such amendment

shall become effective only upon the written approval of the Secretary; provided, however, that the termination of this Agreement shall be determined by the National Administrative Committee, through the medium of an election called to consider such termination, upon the written request of 15 per cent of the ginnors within fifteen (15) days of the receipt of such request.

IN WITNESS WHEREOF, the contracting producers and ginnors, acting under the provisions of the Agricultural Adjustment Act, for the purpose and subject to the limitations therein contained, and not otherwise, have hereunto set their respective hands and seals.

WHEREAS, it is provided by Section 8 of the Act as follows:

"In order to effectuate the declared policy, the Secretary of Agriculture shall have power - - - (2) to enter into marketing agreements with processors, associations of producers, and others engaged in the handling, in the current of interstate or foreign commerce of any agricultural commodity or product thereof, after due notice and opportunity for hearing to interested parties. The making of any such agreement shall not be held to be in violation of any of the Anti-Trust Laws of the United States, and any such agreement shall be deemed to be unlawful; Provided, That no such agreement shall remain in force after the termination of this Act."

And -

WHEREAS, due notice and opportunity for hearing to interested parties has been given pursuant to the provisions of the Act, and the regulations issued thereunder; and

WHEREAS, the Secretary finds (1) that the producers are engaged in the marketing of cotton and cottonseed, and that the ginners are engaged in the distribution of cotton and cottonseed in the current of interstate commerce because the said marketing and distribution are partly interstate and partly intrastate commerce and so inextricably intermingled that said interstate commerce portion cannot be effectively regulated without regulating that portion which is intrastate commerce; and

WHEREAS, it appears, after due consideration, that this Agreement will tend to effectuate the policy of Congress declared in Section 2 of the Act, as hereinbefore in this Agreement set forth.

NOW, THEREFORE, I, _____, Secretary of Agriculture, acting under the provisions of the Agricultural Adjustment Act for the purpose and within the limitations therein contained, and not otherwise, do hereby execute this Agreement under my hand and official seal of the Department of Agriculture, in the City of Washington, District of Columbia, on this _____ day of _____, 1934, and pursuant to the provisions hereof, declare this Agreement to be effective on and after 12:01 A.M., Eastern Standard Time, _____, 1934.

Secretary of Agriculture.

EXHIBIT A

MAXIMUM RATES AND SCHEDULE OF UNFAIR TRADE PRACTICES

(Blanks are to be filled in after consideration of rates at Public Hearing)

1. To effectuate the purposes of this Agreement and to aid in the enforcement of the provisions thereof, the maximum rates for ginning and for other services shall be as follows for the ginning season 1934-35:

(a) Ginning. Charges for ginning services shall be based upon the actual weight of the seed cotton and shall not exceed the following schedule:

(1) For picked Upland cotton:

- a. In the states of Alabama, Florida, Georgia, North Carolina, South Carolina, and Virginia, not to exceed _____ cents per cwt. of seed cotton.
- b. In the hill regions of the States of Arkansas, Illinois, Kentucky, Louisiana, Mississippi, Missouri, and Tennessee, not to exceed _____ cents per cwt. of seed cotton. In the delta regions of such States not to exceed _____ cents per cwt. of seed cotton. The State Committees of the States listed in this paragraph (b) shall have power to decide whether any gin is located in the delta or the hill region.
- c. In the State of Oklahoma and the nonirrigated areas of the State of Texas, not to exceed _____ cents per cwt. of seed cotton.
- d. In the States of Arizona, California, New Mexico, the irrigated cotton areas of Texas, and all other States not mentioned above, not to exceed _____ cents per cwt. of seed cotton.

(2) For pima cotton:

Not to exceed _____ cents per cwt. of seed cotton.

- (3) In the ginning of Upland cotton of a staple length of 1 1/8 inches or longer the ginner shall perform such services as may be necessary for the proper ginning of such cotton and may charge for such services not in excess of _____ cents per cwt. over and above the rates established for that ginning community.

The provisions of this paragraph shall not be applicable in the delta regions of the Mississippi River and its tributaries. The limits of said delta regions shall be fixed by the appropriate State Committees.

(b) Drying, Cleaning, Preparation Charges to growers for services rendered preparatory to ginning shall conform to the following schedule:

- (1) Drying of seed cotton prior to ginning: Not to exceed _____ cents per cwt.
- (2) Cleaning and preparing snapped and /or bollies: Not to exceed _____ cents per cwt.
- (3) Cleaning and preparing sledged cotton: Not to exceed _____ cents per cwt.
- (4) For the sterilization of cottonseed when required under quarantine regulations: Not to exceed _____ cents per cwt. of cottonseed so sterilized, except where the cost of such sterilization is regulated by law.

(c) Bagging and ties. To cover all costs of financing and losses on bagging and ties not to exceed _____ cents per bale over and above the actual average cost of the bagging and ties, round bales to be counted as half-bales. Said average cost of bagging and ties shall be determined by a State Committee, hereinbefore created in Article II.

(d) The State Committee shall establish a flat rate schedule for use at plants not equipped with scales for weighing seed cotton, which rates shall include all services of cleaning, ginning, baling, and wrapping (including materials), and shall be equal to the average charges in the ginning community in which such gins may be located, based on items (a), (b), and (c) of this Exhibit.

(e) Storage and Insurance. Charges to growers for storage and insurance shall conform to the following schedule:

- (1) For the storage of baled cotton, _____ cents per bale for the first month or fraction thereof, and 1 cent per bale for each day thereafter, said charge to include insurance against fire and theft. Provided, however, that no ginner shall allow baled cotton to be left or to remain on the premises for more than seven days after the ginning thereof without charge therefor; nor shall any ginner allow baled cotton to be left or to remain on the premises unless he shall have provided suitable storage facilities for such cotton. The State Committee shall determine what constitutes suitable storage for any ginning community.

2. The schedule of maximum rates for each season following the 1934-35 season, shall be determined prior to each season by the Secretary acting with the advice of the National Committee, provided that nothing herein shall be construed to prevent the Secretary, from time to time as circumstances may require, after investigation and hearing, from changing the schedules of rates or any part thereof or from modifying, canceling, or amending any clause of this Agreement affected by such a change to conform with a new rate schedule.

3. Each ginner shall post in a conspicuous place in each gin the rates to be charged for each service. The rates so posted shall be the rates established by the State Administrative Committee for the ginning community in which each gin plant may be located.

4. It shall be an unfair trade practice to extend unsecured credit for services and/or to make payment or allowance of rebates, refunds, bonuses of any kind, whether in the form of money or otherwise, or to extend to customers special services or privileges with the intent and with the effect of injuring a competitor and where the effect may be to evade the rates established under this Exhibit or rates established pursuant to paragraph 2 of Article IV.

5. It shall be an unfair trade practice to offer stock ownership or any interest in a gin to a producer with the intent and/or effect of injuring a competitor and where the effect may be to substantially lessen competition. Provided, that nothing herein shall prevent bona fide cooperative associations or societies from owning and operating cotton gins in accordance with the provisions of law.

6. It shall be an unfair trade practice to enter into any agreement, arrangement or device to circumvent the spirit of this Agreement or the principles thereof.

7. It shall be an unfair trade practice to purchase cotton in the seed, or seed cotton, except remnant seed cotton and/or to gin seed cotton for the account of purchasers thereof, provided, that the price paid for such remnant seed cotton shall equal, but not exceed the full combined value of the lint and seed less a proportionate rate for services as provided in Exhibit A hereof, and pursuant to paragraph 2 of Article IV.

Provided, however, that during the ginning season 1934-35, this paragraph shall not apply to all of that part of the State of Oklahoma lying east of the Rock Island Railroad running north and south from El Reno, Oklahoma through Chickasha, Oklahoma to the Texas line and that part of Oklahoma lying north of the main line of the Rock Island Railroad running east and west through the State of Oklahoma from the Arkansas line to El Reno.

EXHIBIT BManner of Ginning Cotton andThe Minimum ApparatusEquipment and Handling

(Date is to be inserted in Paragraphs 3 and 7 after the Public Hearing; following consideration as to effective date).

1. No ginner shall handle through the gin any so-called rough and dirty, snapped, bolly, or sledded cotton unless equipped to separate and clean the seed cotton before ginning.

2. No ginner shall accept for ginning seed cotton of high moisture content unless he shall be equipped with suitable drying apparatus for properly conditioning such seed cotton before ginning. In case of dispute between a ginner and a producer as to whether the seed cotton offered for service is too moist for proper ginning a third party shall be selected by the disputants whose opinion shall be final.

3. After each commercial gin shall be equipped with the minimum apparatus hereinafter specified to assure to the public cleaning, extracting, and ginning services which shall be capable of producing samples of ginned lint having elements of quality (color excepted) equal or superior to the following classifications as based upon the official cotton standards of the United States, namely;

(a) For Upland clean picked cotton under 1 1/16-inch staple length -- equal to "Strict Middling" in leaf and preparation.

(b) For Upland clean picked cotton 1 1/16-inch and over in staple length -- equal to "Middling" in leaf, and in preparation equal to the tentative standards for Middling "B" preparation of cotton 1 1/16-inch and longer in staple.

(c) For snapped (or rough and dirty) cotton -- equal to Strict Low Middling.

(d) For "sledded" and "bollies" cotton -- equal to Low Middling.

(e) For clean picked Fine cotton -- equal to "No. 2" grade.

To fulfill the purpose of this section the following apparatus for handling, cleaning, extracting, and/or ginning shall be deemed to be the minimum allowable equipment for a plant:

(1) Wagon scales, bale scales, and means for weighing cottonseed.

(2) Combinations of equipment for cleaning and/or extracting seed cotton before ginning shall be of one of the following types:

- a. Combined cleaner, separator, distributor, big drum cleaning feeders, huller gin stands
 - b. Airline cleaner, separator (mechanical or pneumatic) distributor or pneumatic chutes, small drum cleaning feeders, huller gin stands.
 - c. Separator (mechanical), 3-cylinder cleaner, distributor, small drum cleaning feeders, huller gin stands.
 - d. Separator (mechanical or pneumatic) distributor or pneumatic chutes, unit extractor feeders, plain gin stands.
 - e. Separator (mechanical), master extractor, distributor, small drum cleaning feeders, plain gin stands.
 - f. Separator (mechanical or pneumatic), distributor or pneumatic chutes, small drum cleaning feeders, roller gin stands.
 - g. Other assemblies or arrangements of ginning apparatus which may from time to time be promulgated by the Secretary for improved ginning.
- (3) One or more gin stands which shall be placed in good mechanical condition before service shall be rendered to any customer or patron.
 - (4) A suitable condensing and baling apparatus.
 - (5) No square bale press box shall be greater than 54 inches in length nor more than 27 inches in width.

The Agent Members of the State Administrative Committee are hereby authorized to require any gin under their jurisdiction to submit to tests for the purpose of determining its compliance with the provisions of this Exhibit.

4. If and when the Secretary shall have promulgated or recommended standards for materials to be used for bale covering, the use of any other kind or type of bagging and ties shall be prohibited.

5. If and when the Secretary shall have promulgated or recommended the use of a standard type bale identification marker, such identification marker shall be affixed to each square and/or round bale of cotton in such manner as may be prescribed by the Secretary.

6. If and when the Secretary shall have promulgated or recommended the use of a standard type bale identification marker for bales of mixed packed and/or nonuniform quality of cotton, such identification marker shall be affixed to each square and/or round bale of cotton in such manner as may be prescribed by the Secretary.

7. The use of standard materials and/or markers in any crop year in accordance with the immediately foregoing paragraphs 4, 5, and 6 shall not be required unless promulgation or public announcement of such standards shall have been made not later than of the previous year; nor unless a public hearing on the advisability of such standards shall have been held previous to such promulgation or public announcement of such standards.

EXHIBIT C

Cottonseed

1. The average grade of cottonseed from current ginnings shall be determined as follows: On certain days, to be determined by the State Administrative Committee, each ginner in each ginning community shall draw a fair sample of the seed ginned that day. This sample shall be taken at least once every fifteen days unless weather conditions justify more frequent sampling. The sample shall be made up of proportionately equal quantities drawn from each load of seed cotton. This sample shall be thoroughly mixed and composited with similar samples from other gins in the ginning community and the quantity of the sample from each gin shall be proportionate to the volume of ginning done at each gin for that day. A representative sample shall be drawn from the mixture and forwarded to a qualified chemist for analysis and grading according to official standards of the United States. The drawing, mixing, and quartering of all samples shall be done in accordance with the standard methods established in the service and Regulatory Announcements No. 133, issued August, 1932. The grade of this sample shall be considered the average grade of the cottonseed of the community until changed by the grade of a later community sample, and each ginner shall post in a conspicuous place in the gin the grade so established. A copy of each grade certificate shall be furnished to the Secretary. Provided, that the provisions of this paragraph shall not apply except in ginning communities from which oil mills purchase seed on chemical analysis.

2. In the purchase of cottonseed from growers, ginnerers shall pay ninety percent (90%) of the community average grade price in carlots on the date of purchase, except that in communities from which oil mills do not purchase cotton seed on chemical analysis ginnerers shall pay ninety percent (90%) of the average price in carlots on the date of purchase. Provided, that in no case shall the difference between the average grade price and the price paid by the ginner exceed \$3.00 per ton when the average grade of the seed of current ginnings is 100 or higher, nor \$4.00 per ton when the average grade of the seed of current ginning is below 100.

3. The storage of cottonseed by the ginner for account of the farmer is prohibited providing that nothing in this section shall prevent the ginner from reselling seed to the farmer for his personal use only at the price paid by the ginner at the time of purchase.

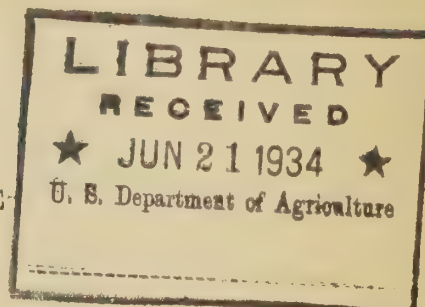
4. Where cottonseed scales are not in common use and seed weights are estimated, the deduction for dirt, trash, and foreign matter shall be determined by various State Administrative Committees from time to time during ginning season. The recommendation of said Committees shall be binding on gins under their supervision. No foreign matter once removed from seed cotton shall be returned into seed. For the period from the effective date of this Agreement up to and including May 21, 1935, gins shall purchase cottonseed on actual weight when requested to do so by the seller of the cottonseed. After July 1, 1935, gins shall purchase seed on actual weight of same, except where sterilization of cottonseed is required under quarantine regulations, in which case seed purchases will

be on estimated weight as determined from time to time by the State Administrative Committee.

5. Plant breeders and cottonseed growers approved by the State Committees, shall have the privilege of contracting acreage, exclusive ginning, storage, and sale of planting seed; provided that in States which have established certification standards, the State Committee shall approve only those growers who meet these standards.

6. Each ginner shall make it a condition of his ginning contract that when requested in writing by the Secretary or his duly authorized agent he shall draw from the press box a true and representative sample of each bale ginned and will forward the same to the Secretary, with such identification marks and information as the Secretary may require. Each such sample shall weigh approximately four ounces. Wrappers and forwarding costs of such samples shall be paid by the Secretary, but the drawing of the samples shall be without compensation.

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION



PROPOSED AMENDED MARKETING AGREEMENT
FOR THE
COTTON GINNING INDUSTRY
WITH EXHIBITS

Exhibit A
Maximum Rates and Schedule of Unfair Trade Practices

Exhibit B
Manner of Ginning Cotton and the Minimum Apparatus, Equipment and
Handling

Exhibit C
Cottonseed

This Proposed Amended Marketing Agreement in its present form is proposed as the basis of a public hearing for the above-mentioned industry, and none of the provisions contained herein are to be regarded as having received the approval of the Agricultural Adjustment Administration as applying to this industry.

I hereby certify that this is a true and correct copy of the Proposed Amended Marketing Agreement for the Cotton Ginning Industry, on file in the Office of the Chief Hearing Clerk, United States Department of Agriculture, Agricultural Adjustment Administration.

(Signed) James K. Knudson
Acting Chief Hearing Clerk

Dated: June 6, 1934
Washington, D. C.

PROPOSED AMENDED MARKETING AGREEMENT

FOR THE

COTTON GINNING INDUSTRY

I

The parties to this Agreement are the Ginners, the Contracting Producers, and the Secretary of Agriculture of the United States.

Whereas, it is the declared policy of Congress as set forth in section 2 of the Agricultural Adjustment Act, approved May 12, 1933, as amended --

- (a) To establish and maintain such balance between the production and consumption of agricultural commodities and such marketing conditions therefor, as will reestablish prices to farmers at a level that will give agricultural commodities a purchasing power with respect to articles that farmers buy, equivalent to the purchasing power of agricultural commodities in the base period. The base period in the case of all agricultural commodities except tobacco being the pre-war period, August 1909-July 1914, and in the case of tobacco, the base period being the post-war period, August 1918-July 1929;
- (b) To approach such equality of purchasing power by gradual correction of the present inequalities therein at as rapid a rate as is deemed feasible in view of the current consumptive demand in domestic and foreign markets; and
- (c) To protect the consumers' interest by readjusting farm production at such level as will not increase the percentage of the consumers' retail expenditures for agricultural commodities, or products derived therefrom, which is returned to the farmer above the percentage which was returned to the farmer in the pre-war period, August 1909-July 1914;

And --

Whereas, pursuant to the Agricultural Adjustment Act, the parties hereto, for the purpose of correcting conditions now obtaining in the ginning of seed cotton, the grading and sale of cottonseed in less than carlots, and to effectuate the declared policy of the Act, desire to enter into a Marketing Agreement under the provisions of section 8 (2) of the Act:

Now, therefore, the parties hereto agree as follows:

II

As used in this Agreement --

A. The term "Secretary" means the Secretary of Agriculture of the United States.

B. The term "Act" means the Agricultural Adjustment Act, approved May 12, 1933, as amended.

C. The term "person" means individual, partnership, corporation, association, society, or any other business unit.

D. The term "ginner" means persons, irrespective of whether any such person is a producer, engaged (1) in the business of ginning seed cotton and (2) in the business of buying and selling cottonseed in less than carlots, as may become parties signatory to this Agreement according to the terms hereof.

The term "non-contracting ginner" means any person who performs any of the functions hereinabove described and has not become a party signatory to this Agreement according to the terms hereof.

E. The term "ginning" means the process of separating the lint from the seed, including the services of baling, wrapping, tying, weighing, stenciling, and tagging.

F. The term "gin" means a single battery of one or more gin stands discharging into the same press box.

G. The term "plant" means any cotton ginning establishment regardless of the number of batteries contained therein, including apparatus for cleaning and drying seed cotton, boll breaking and separating, or other processes of the preparation of seed cotton for the separating of the lint from the seed, the collection of the lint and seed, the wrapping, tying, weighing, and identifying of the baled lint.

H. The term "ginning community" shall refer to those ginning plants located in any section or territory (or any subdivision of such section or territory as the State Committee shall define) where similar ginning conditions usually prevail, such as similarity of soil, season, type of cotton grown, ginning customs, and other conditions which may affect community relationships and the operation of cotton gins. The State Committee may combine ginning communities into zones for the purpose of establishing rates.

I. The term "producer" means any person, irrespective of whether any such person is also a ginner, who grows cotton.

The term "contracting producer" means any producer, or any association of producers, as may become a party signatory to this Agreement according to the terms hereof.

J. The term "State Committee" means a State Administrative Committee created pursuant to article III, section A of this Agreement.

K. The term "National Committee" means the National Administrative Committee created pursuant to article III, section B of this Agreement.

L. The term "Seed cotton" means the harvested fruit of the cotton plant in whatever condition it may be brought to the gin for service.

M. The term "Remnant seed cotton" shall mean seed cotton containing the equivalent of not over 350 pounds of lint cotton on the seed, being the entire crop of one grower or the end season harvestings of one grower.

N. The term "Cleaning" means the removal from seed cotton of small particles of foreign matter such as sand, dirt, pin trash, broken leaf, shuck pieces, and the like.

O. The term "Extracting" means the process of extraction or separation from seed cotton of large particles of foreign matter such as burrs, hulls, leaves, stems, sticks, stones, and the like. Extracting shall be deemed to include satisfactory cleaning action but cleaning shall not be deemed to be a satisfactory substitute for extracting.

P. The term "Separator" as used herein shall refer to any mechanical or pneumatic device employed in the handling of seed cotton for the purpose of separating or removing seed cotton from an air stream or conveying current of air. Mechanical separators shall be deemed to include all continuous discharge separators, whether equipped with vacuum wheel or belt seal. Pneumatic separators shall be deemed to include all intermittent discharge separators, generally known to the trade as "Droppers", "pneumatic elevators" and the like. "Cleaner and separator combined" as herein used shall refer to those mechanical types of separators comprising one or more spiked cleaning cylinders and screens disposed within the inlet portion of said apparatus in combination with the conventional vacuum wheel or belt seal discharge.

Q. The term "Cleaning Feeder" as used herein, whether "small drum" or "big drum", shall refer to the conventional type of apparatus employed to mechanically feed seed cotton to a gin stand at a selective rate, and shall comprise a cotton inlet, means for controlling the flow of seed cotton through the device, one or more spiked cleaning cylinders in combination with suitable screening surface, and means for uniform discharge of said seed cotton into the gin stand at the rate selected. Cleaning feeders having a single spiked cleaning cylinder of not more than eighteen inches tip diameter shall be deemed to be "small drum" cleaning feeders. Cleaning feeders having a single spiked cleaning cylinder of greater diameter than eighteen inches or having a plurality of spiked cylinders of not less than twelve inches tip diameter shall be deemed to be "big drum" cleaning feeders.

R. The term "Distributor or pneumatic chute" as used herein shall refer to the conventional apparatus employed at cotton gins for the distribution of seed cotton to the various units of machinery such as cleaning feeders and the like.

S. The term "Huller gin stand" as used herein shall include saw gin stands of either the single or double rib huller type in combination with picker roll and huller front.

T. The term "Plain gin stand" as used herein refers to those single rib saw gin stands having one set of plain ribs in combination with a plain front.

U. The term "Roller gin stand" as used herein refers to that distinct kind or type of gin stand comprising one or more covered rollers in combination with fixed and moving knives, customarily employed for the purpose of ginning cotton of the Sea Island and Egyptian types.

V. The term "Unit extractor feeder" as used herein shall refer to special types of gin stand feeders having capacity sufficient to serve a single gin stand and combining the processors of cleaning, extracting, and feeding into one unit in such manner as to permit it to replace a cleaning feeder.

W. The term "Master extractor" as used herein refers to extracting apparatus of sufficient size and capacity to serve a battery of gin stands.

X. The term "Books and records" means any books, records, accounts, contracts, documents, memoranda, papers, correspondence, or other written data pertaining to the business of the person in question.

Y. The term "Subsidiary" means any person, of or over whom a ginner has, or an affiliate of a ginner or several ginner collect-ively have, either directly or indirectly, actual or legal control, whether by stock ownership or in any other manner.

Z. The term "Affiliate" means any person and/or any subsidiary hereof, who or which has, either directly or indirectly, actual or legal control, over a ginner, whether by stock ownership or in any other manner.

III

Section A. State Administrative Committees.

1. Within fifteen days after the effective date of this agreement and thereafter annually prior to the first day of May, the ginner of each state or region shall elect a State Administrative Committee, each ginner within the state or region to be represented by such Committee shall be entitled to one vote, but no two members of the Committee shall represent the same gin, cotton seed oil mill, or cotton seed oil refinery interest. A majority of the State Administrative Committee shall constitute a quorum. It is hereby

provided that:

(a) Two or more adjacent States may elect a single committee to represent such States.

(b) The ginnerers of the Pecos Valley, the upper Rio Grande Valley of Texas and New Mexico may associate themselves and participate in the election of and be subject to the jurisdiction of either the New Mexico or the Texas State Administrative Committee. In the event that such choice is exercised, said ginnerers shall be subject only to the jurisdiction of the Committee in the election of which they participate in accordance with this paragraph.

(c) Nothing in this section shall be construed to prevent the appointment or election of subcommittees to aid State Committees in the administration of this Agreement, but the decisions of any such subcommittees shall in all cases be subject to the approval of the State Committee.

2. Except in the States of Oklahoma and Texas, each State Committee shall consist of five (5) ginnerers and a duly authorized agent of the Secretary, (hereinafter called the "Agent Member"), who shall act in the interests of the growers of the territory represented and perform such other duties as the Secretary may require. A ginner member of the Committee shall be elected by vote of the Committee to act as Chairman.

The ginnerers of Illinois shall be grouped with the ginnerers of the State of Missouri and Arkansas for the purpose of electing a single Committee to represent such States. In Oklahoma and Texas the State Committee shall consist of six (6) ginnerers and an Agent Member. At least one of said ginner members shall be chosen by the legally chartered cooperative associations and societies of the State to be represented. To mail a notice to each ginner under its jurisdiction at least fifteen days prior to the date when the election of a succeeding Committee is to take place which notice shall state the time and method of election, press release to constitute legal notice.

3. Upon election the names of all members shall be certified by the party or parties conducting such elections to the Secretary. The Secretary shall require that such certification include a statement of the vote by and the manner in which the respective members were elected. Members whose names have been certified to the Secretary shall enter upon the discharge of their duties. Any member may be removed, with or without cause, by a vote of ginnerers, as the case may be, equal, in volume and number to at least three-fourths of the volume and number by which he was originally elected. Any member may be removed by the Secretary for cause. Any vacancies on a Committee shall be filled in the same manner and by the same parties as provided for in the original election.

Each State Administrative Committee shall be organized by the selection of a Chariman and Vice Chairman, who shall be members, and a Secretary-Treasurer who may or may not be a member. Each State Administrative Committee may employ agents, attorneys, assistants, and clerks as may be necessary to perform its duties.

The ginner and contracting producers shall severally from time to time upon the request of the Agent Member furnish him with such information on and in accordance with forms to be supplied by him as the State Administrative Committee deems necessary to enable it to carry out the purposes of this Agreement, such reports to be verified under oath, if so requested by the State Administrative Committee.

To enable the Agent Member to verify the information furnished him upon said forms and reports, all of the books and records of each ginner and each contracting producer shall, during the usual hours of business, be subject to the examination of the Agent Member.

All information furnished the Agent Member pursuant to this paragraph shall remain confidential, provided, however, that upon authorization by the State Administrative Committee totals and sub-totals of ginning volume may be compiled in such way as not to reveal the identity of information supplied by individual ginner and/or contracting producers, and such totals and sub-totals may be released to all contracting parties by publication or otherwise as the State Administrative Committee may direct.

All officers and employees of the State Administrative Committee who handle funds of the State Administrative Committee, or who sign or countersign checks upon such funds, shall severally give bond in such amounts and with such sureties as shall be determined by the State Administrative Committee. The cost of such bonds shall be paid by the State Administrative Committee and the State Administrative Committee shall determine the amount and sufficiency of such bonds.

The members shall be reimbursed for the actual and necessary expenses incurred in the performance of their duties and may be compensated for their services at not to exceed ten dollars (\$10.00) per day for each day of attendance at the meetings of the State Administrative Committee, or for each day devoted at the request of the State Administrative Committee to the business thereof.

4. Subject to such regulations as the Secretary may prescribe, it shall be the duty of the State Administrative Committee:

(a) to meet upon call of the Secretary and/or Chairman, provided the Chairman shall issue call for meeting upon the written request of any two members.

(b) to receive and investigate complaints of violations of the terms or conditions of this Agreement, and to issue rulings with respect thereto; provided, that if a member of any Committee shall in any case be a party or a representative of a party charged with violations of this Agreement, he shall, for the purpose of the investigation and determination of the issue, be deprived of all his rights, duties and privileges as a member of the Committee.

(c) to adjust disputes arising under this Agreement between producers and/or ginners;

(d) to report its findings, with recommendations, to the Secretary for proceedings under the Act or otherwise, as he may deem advisable;

(e) to administer the performance of this Agreement;

(f) to account at least once annually to the signatories of this Agreement and to the Secretary for all funds collected by it pursuant to this Agreement.

(g) to report immediately to the National Committee the refusal of any ginner to conform to a ruling of the State Committee;

(h) to furnish to the Secretary or to the National Committee complete records of investigations and findings in any case when so requested by the Secretary or the National Committee, and such further reports to the Secretary, on and in accordance with forms to be determined by him, as he may from time to time request;

(i) to perform such other duties and functions as may be required in the proper administration of this Agreement or as may be assigned to it under any other stipulation or provision contained herein.

5. No member of the State Administrative Committee, or member of any committee, nor an employee, shall be held responsible individually in any way whatsoever to any ginner, for errors in judgment, mistakes or other acts either of commission or omission, as such member or employee, except for acts of dishonesty.

6. Any ruling of a State Administrative Committee shall be subject to a right of appeal to the National Committee within fifteen days after the issuance of said ruling.

7. It being found necessary, in order to support the administration of this Agreement and to effectuate the policy of the Act, each State Administrative Committee is authorized, subject to the approval of the Secretary.

(a) To incur such reasonable obligations as are necessary and proper for the foregoing purposes and for the purposes set forth in Section B, and to meet such obligations out of funds which may be raised as herein-after provided and which shall be held in trust for the purpose of the Agreement;

(b) To submit to the Secretary for his approval, subject to such notice and opportunity to be heard as the Secretary may deem necessary, (1) an itemized budget of its estimated expenses for the foregoing purposes, (2) an itemized budget of the estimated expenses for the purposes set forth in Section B, and (3) an equitable basis upon which the funds necessary to support such budget shall be contributed by members of the Industry.

8. Each member of the Industry shall contribute and pay to the State Administrative Committee its share, determined as hereinabove provided, of the funds so to be raised by the State Administrative Committee.

Section B. National Administrative Committee.

1. The chairman of the several State Administrative Committees and a duly appointed agent of the Secretary shall constitute a National Administrative Committee. Any member may be removed by the Secretary for cause.

(a) The National Administrative Committee shall elect a Chairman and such other officers as may be needed, and shall adopt such rules and regulations as may be necessary, for the conduct of its business.

(b) The National Administrative Committee may employ attorneys and such employees as are deemed necessary, and shall determine the salaries and define the duties of such employees.

(c) Meetings shall be held upon the call of the Chairman of the National Administrative Committee and/or upon the call of three of the State Administrative Committees.

(d) Voting power among the members of the National Administrative Committee shall be equal; each member shall have one vote. In the event that members do not attend a meeting of the National Administrative Committee, they may vote by proxy or by telegraphic communication.

(e) The members shall be reimbursed for the actual and necessary expenses incurred in the performance of their duties, and may be compensated for their services at not to exceed ten dollars (\$10.00) per day for each day devoted, at the request of the National Administrative Committee, to the business thereof.

2. The National Administrative Committee shall have the following duties and/or powers.

(a) To coordinate the activities of the several State Committees.

(b) To act as direct intermediary between the Secretary and the State Administrative Committees, and to interpret this Agreement under the direction of the Secretary.

(c) To employ such attorneys and employees as it may deem necessary for the effectuation of its duties and to determine the salaries and define the duties of such employees.

(d) Subject to the limitation hereinabove set forth in paragraph 7 of Section A of this Article, through the State Committees to collect funds from ginneries on a per bale basis, to raise such funds as may be necessary to carry out its duties and/or powers as herein set forth and to disburse such funds to carry out such duties and/or powers.

(e) On appeal from a decision of a State Committee, or on report by a State Committee of noncompliance with its rulings, to conduct investigations, to make findings with reference thereto and issue rulings on such findings. Provided, that if a member of such Committee shall in any case be a party appellant from a decision of a State Committee (or the representative of such an appellant), or the party refusing to abide by a decision of the State Committee (or the representative of such party), he shall for the purpose of the investigation and determination of the issue be deprived of all his rights, duties and privileges as a member of the National Administrative Committee. Any ruling of the National Committee shall be subject to a right of appeal within fifteen days after the issuance of said ruling to the Secretary.

(f) To immediately report to the Secretary (1) the refusal of any ginner to conform to a ruling issued by the National Committee, and (2) activities of non-contracting ginner in relation to the general purposes of this Agreement.

(g) To furnish to the Secretary complete records of investigations and findings in any case when so requested by the Secretary. And such further reports, on and in accordance with forms to be determined by him as the Secretary may, from time to time, request.

(h) To perform such other duties and functions as may be required in the proper administration of this Agreement or as may be assigned to it under any other provision therein.

IV.

1. The schedule governing the maximum rates for the ginning season (1934-35) or for ginning and for other services pertaining thereto shall be that set forth in Exhibit A, which is attached hereto and made a part hereof.

Provided that the establishment of such maximum rate schedules (and the maximum rate schedules applicable to any season after the 1934-35 season) is without prejudice to the right of any ginner who assert that such maximum prices are in excess or in deficiency of the prices necessary to accomplish the purpose set forth in paragraph 1 of Exhibit A, to a hearing on the question of a modification or amendment of this Agreement, in accordance with the applicable General Regulations, Agricultural Adjustment Administration.

2. The maximum rates for each season following the 1934-35 season for the ginning and for other services pertaining thereto shall be determined by the Secretary prior to each season by the Secretary after public hearings in the State or region to be affected, in accordance with applicable General Regulations, Agricultural Adjustment Administration.

3. Each ginner shall post in a conspicuous place the rates to be charged for each service.

4. The rules governing the manner of ginning cotton and the minimum apparatus required in a gin shall be those set forth in Exhibit B, which is attached hereto and made a part hereof.

5. Rules and regulations pertaining to (a) the erection of additional gins, (b) the relocation of old gins, (c) the reopening of closed gins and (d) the enlargement of or restriction of gin capacity shall be formulated by each State Committee and by the National Committee after public hearings in the State or region to be affected, in accordance with applicable General Regulations, Agricultural Adjustment Administration, Rules and Regulations so formulated shall be subject to approval of the Secretary.

Provided that nothing in this Agreement, or in the aforesaid rules and regulations shall

- (a) deny the right of cooperative associations or societies to operate gins in accordance with State and Federal laws;
- (b) be construed as controlling or restricting any producers' cooperative association or society with respect to actual deductions or charges, dividends or premiums to be made by such association from and/or to its members;
- (c) destroy the property rights of commercial gin owners and/or operators;
- (d) prevent the replacement of old, worn, or destroyed apparatus or equipment in active gins;
- (e) prevent the reopening of active gins that have been temporarily closed provided that the term active gin shall include gins having existing equipment conforming to the requirements of Exhibit B, Section 3 (c) paragraphs 2, 4, and 5, closed for the purpose of economy in operation or because of temporary lack of volume.

6. The schedule governing prices at which and the terms and conditions under which ginners shall grade, purchase or accept delivery of cottonseed from producers, shall be that set forth in Exhibit C, which is attached hereto and made a part hereof.

7. For the purpose of carrying out this Agreement, each ginner shall be eligible for loans from the Reconstruction Finance Corporation, subject to the conditions of Section 5 of the Reconstruction Finance Corporation Act, as amended. Such loans to any ginner shall be in such amount or amounts as may be agreed upon between such ginner and the Reconstruction Finance Corporation but such loans to any ginner shall not exceed \$15,000 per plant.

8. (a) The ginners shall severally, from time to time, upon the request of the Secretary, furnish him with such information on and in accordance with forms of reports to be supplied by him for the purposes of (1) assisting the Secretary in the furtherance of his powers and duties with respect to this Agreement and/or (2) enabling the Secretary to ascertain and determine the extent to which the declared policy of the Act and the purpose of this Agreement are being effectuated; such reports to be verified under oath. The Secretary's determination as to the necessity of and the justification for the making of any such reports, and the information called for thereby, shall be final and conclusive.

(b) For the same purposes and/or to enable the Secretary to verify the information furnished him on said forms and reports, all the books and records of each ginner and the books and records of the affiliates and subsidiaries of each ginner, shall, during the usual hours of business, be subject to the examination of the Secretary. The Secretary's determination as to the necessity of and the justification for any such examination shall be final and conclusive.

(c) The ginners and their respective affiliates and subsidiaries shall severally keep books and records which will clearly reflect all the financial transactions of their respective businesses and the financial condition thereof.

(d) The ginners and contracting producers severally agree that upon the request of the Secretary, they will procure the execution by their respective affiliates and subsidiaries of supplemental Agreements with the Secretary; in form satisfactory to the Secretary, by which each such affiliate and subsidiary will agree to comply with and assist in the performance of the provisions of this paragraph.

(e) All information furnished the Secretary pursuant to this paragraph, shall remain confidential in accordance with the applicable General Regulations, Agricultural Adjustment Administration.

9. The Secretary may, by designation in writing, name any person, including any officer or employee of the Government, to act as his representative in connection with any of the provisions contained in this Agreement to be performed by the Secretary.

10. If any provision of this Agreement is declared invalid, or the applicability thereof to any person, circumstance or thing is held invalid, the validity of the remainder of this Agreement, and/or the applicability thereof to any other person, circumstance or thing, shall not be affected thereby.

11. Nothing herein contained shall be construed in derogation of the right of the Secretary to exercise any powers granted him by the Act, and in accordance with such powers, to act in the premises whenever he shall deem it advisable.

12. The ginners hereby apply for and consent to licensing by the Secretary, subject to the applicable General Regulations, Agricultural Adjustment Administration.

13. This Agreement confers no exemption from the Anti-Trust Laws of the United States and does not make lawful any acts otherwise unlawful, excepting as provided in the Act to the extent necessary to accomplish the purposes of this Agreement.

14. This Agreement may be executed in multiple counterparts and when one counterpart is signed by the Secretary, all such counterparts shall constitute, when taken together, one and the same instrument as if all such signatures were contained in one original.

15. After this Agreement first takes effect any association of producers or any non-contracting ginner may become a party to this Agreement if a counterpart thereof is executed by it or him, and the benefits, privileges, and immunities conferred by this Agreement shall then be effective as to such new contracting person.

16. This Agreement shall become effective at such time as the Secretary may declare above his signature attached hereto. This Agreement shall continue in force until terminated in one of the following ways:

- (a) The Secretary may, at any time, terminate this Agreement as to all parties hereto, by giving at least one days' notice by means of a press release or any other manner which the Secretary may determine.
- (b) The Secretary may, at any time, terminate this Agreement as to any party signatory hereto, by giving at least one days' notice by depositing the same in the mail, addressed to such party at his last known address.
- (c) The Secretary shall terminate this Agreement upon the request of sixty-seven per cent (67%) of the ginners, measured by total volume of cotton ginned by the ginners during such period, by giving notice in the same manner as provided in Section (a) of this paragraph; provided, however, that the termination of this Agreement shall be determined by the National Administrative Committee, through the medium of an election called to consider such termination, upon the written request of 15 per cent of the ginners within fifteen (15) days of the receipt of such request.
- (d) This Agreement shall, in any event, terminate whenever the provisions of the Act authorizing it cease to be in effect.

17. Any term of this Agreement with the exception of Paragraph 13 hereof may be amended upon the consent of the National Administrative Committee and the Secretary after a public hearing on such amendments, provided, however, that any such amendment shall become effective only upon the written approval of the Secretary.

IN WITNESS WHEREOF, the contracting producers and ginnerers, acting under the provisions of the Agricultural Adjustment Act, for the purpose and subject to the limitations therein contained, and not otherwise, have hereunto set their respective hands and seals.

WHEREAS, it is provided by Section 8 of the Act as follows:

"In order to effectuate the declared policy, the Secretary of Agriculture shall have power- - (2) to enter into marketing agreements with processors, associations of producers, and others engaged in the handling in the current of interstate or foreign commerce of any agricultural commodity or product thereof, after due notice and opportunity for hearing to interested parties. The making of any such agreement shall not be held to be in violation of any of the Anti-Trust Laws of the United States, and any such agreement shall not be deemed to be unlawful; Provided, That no such agreement shall remain in force after the termination of this Act."

And -

WHEREAS, due notice and opportunity for hearing to interested parties has been given pursuant to the provisions of the Act, and the regulations issued thereunder; and

WHEREAS, the Secretary finds (1) that the producers are engaged in the marketing of cotton and cottonseed, and that the ginnerers are engaged in the distribution of cotton and cottonseed in the current of interstate commerce because the said marketing and distribution are partly interstate and partly intrastate commerce and so inextricably intermingled that said interstate commerce portion cannot be effectively regulated without regulating that portion which is intrastate commerce; and

WHEREAS, it appears, after due consideration, that this Agreement will tend to effectuate the policy of Congress declared in Section 2 of the Act, as hereinbefore in this Agreement set forth.

NOW, THEREFORE, I, _____, Secretary of Agriculture, acting under the provisions of the Agricultural Adjustment Act for the purpose and within the limitations therein contained, and not otherwise, do hereby execute this Agreement under my hand and official seal of the Department of Agriculture, in the City of Washington, District of Columbia, on this _____ day of _____, 1934, and pursuant to the provisions hereof, declare this Agreement to be effective on and after 12:01 A.M., Eastern Standard Time _____, 1934.

Secretary of Agriculture.

EXHIBIT A

MAXIMUM RATES AND SCHEDULE OF UNFAIR TRADE PRACTICES

(Blanks are to be filled in after consideration of rates at public hearings)

1. To effectuate the purposes of this Agreement and to aid in the enforcement of the provisions thereof, the maximum rates for ginning and for other services shall be as follows for the ginning season 1934-35:

(a) For seed cotton:

- (1) In the states of Alabama, Florida, Georgia, North Carolina, South Carolina, and Virginia, not to exceed _____ cents per cwt. of seed cotton.
- (2) In the states of Arkansas, Illinois, Kentucky, Louisiana, Mississippi, Tennessee, Missouri, Oklahoma, Texas, Arizona, California, and New Mexico, and all other states not mentioned above, not to exceed _____ cents per cwt. of seed cotton.

(b) For pima cotton:

Not to exceed _____ cents per cwt. of seed cotton.

(c) Drying, Cleaning, Preparation, Sterilization Charges to growers for these services shall conform to the following schedule:

- (1) Drying of seed cotton prior to ginning: Not to exceed _____ cents per cwt. except to California where the rate is not to exceed _____ cents per cwt. of seed cotton.
- (2) Cleaning and preparing snapped and/or bollies: Not to exceed _____ cents per cwt. except in Oklahoma and Texas where the rate shall not exceed _____ cents per cwt. of seed cotton.
- (3) Cleaning and preparing sledged cotton: Not to exceed _____ cents per cwt.
- (4) For the sterilization of cotton seed when required under quarantine regulations: Not to exceed _____ cents per cwt. of seed cotton except where the cost of such sterilization is regulated by law.

(d) Bagging and ties. To cover all costs of financing bagging and ties not to exceed _____ cents per bale over and above the actual costs of the bagging and ties, round bales to be counted as half-bales. Said average cost of bagging and ties shall be determined by a state committee hereinbefore created in Article II.

(e) Storage and insurance. Charges to growers for storage and insurance shall conform to the following schedule:

(1) For the storage of baled cotton, not to exceed _____ cents per bale for the first month or fraction thereof, and not to exceed _____ cents per bale for each day thereafter, said charge to include insurance against fire. Provided, however, that no ginner shall allow baled cotton to be left or to remain on the premises for more than seven days after the ginning thereof without charge therefor; nor shall any ginner allow baled cotton to be left or to remain on the premises unless he shall have provided suitable storage facilities for such cotton. The state committee shall determine what constitutes suitable storage for any ginning community.

2. Nothing herein shall be construed to prevent the Secretary, from time to time as circumstances may require, after investigation and with or without public hearings in the State or region to be affected, from changing the schedules of rates or any part thereof or from modifying, canceling, or amending any clause of this Agreement affected by such a change to conform with a new rate schedule.

3. Each ginner shall post in a conspicuous place in each gin the rates to be charged for each service. The rates so posted shall be the rates established by the State Administrative Committee for the ginning community in which each gin plant may be located.

4. It shall be an unfair trade practice to extend unsecured credit for services and/or to make payment or allowance of rebates, refunds, bonuses of any kind, whether in the form of money or otherwise, or to extend to customers special services or privileges with the intent and with the effect of injuring a competitor and where the effect may be to evade the rates established under this Exhibit or rates established pursuant to paragraph 2 of Article IV.

5. It shall be an unfair trade practice to offer stock ownership or any interest in a gin to a producer with the intent and/or effect of injuring a competitor and where the effect may be to substantially lessen competition. Provided, that nothing herein shall prevent bona fide cooperative associations or societies from owning and operating cotton gins in accordance with the provisions of law.

6. It shall be an unfair trade practice to enter into any agreement, arrangement or device to circumvent the spirit of this Agreement or the principles thereof.

7. It shall be an unfair trade practice to purchase cotton in the seed, or seed cotton, except remnant seed cotton and/or to gin seed cotton for the account of purchases thereof, provided, that the price paid for

such remnant seed cotton shall equal, but not exceed the full combined value of the lint and seed less a proportionate rate for services as provided in Exhibit A hereof, and pursuant to paragraph 2 of Article IV.

Provided, however, that during the ginning season 1934-35, this paragraph shall not apply to all of that part of the State of Oklahoma lying east of the Rock Island Railroad running north and south from El Reno, Oklahoma through Chickasha, Oklahoma to the Texas line and that part of Oklahoma lying north of the main line of the Rock Island Railroad running east and west through the State of Oklahoma from the Arkansas line to El Reno.

EXHIBIT B

Manner of Ginning Cotton and

The Minimum Apparatus

Equipment and Handling

(Date is to be inserted in Paragraphs 3 and 7 after the Public Hearings; following consideration as to effective date).

1. No ginner shall handle through the gin any so-called rough and dirty, snapped, bolly, or sledded cotton unless equipped to separate and clean the seed cotton before ginning.

2. No ginner shall accept for ginning seed cotton of high moisture content unless he shall be equipped with suitable drying apparatus for properly conditioning such seed cotton before ginning. In case of dispute between a ginner and a producer as to whether the seed cotton offered for service is too moist for proper ginning a third party shall be selected by the disputants whose opinion shall be final.

3. After each commercial gin shall be equipped with the minimum apparatus hereinafter specified to assure to the public cleaning, extracting, and ginning services which shall be capable of producing samples of ginned lint having elements of quality (color excepted) equal or superior to the following classifications as based upon the official cotton standards of the United States, namely:

(a) For Upland clean picked cotton under 1 1/16-inch staple length -- equal to "Strict Middling" in leaf and preparation.

(b) For Upland clean picked cotton 1 1/16-inch and over in staple length -- equal to "Middling" in leaf, and in preparation equal to the tentative standards for Middling "B" preparation of cotton 1 1/16-inch and longer in staple.

(c) For snapped (or rough and dirty) cotton -- equal to Strict Low Middling.

(d) For "sledded" and "bollies" cotton -- equal to Low Middling.

(e) For clean picked Pima cotton - equal to "No. 2" grade.

To fulfill the purpose of this section the following apparatus for handling, cleaning, extracting, and/or ginning shall be deemed to be the minimum allowable equipment for a plant:

- (1) Wagon scales, bale scales, and means for weighing cotton seed, provided, however, where sterilization of cotton seed is required under quarantine regulations such means for weighing cotton seed shall not be required and seed weight may be estimated as determined from time to time by the State Administrative Committee.

- a. Combined cleaner, separator, distributor, big drum cleaning feeders, huller gin stands.
 - b. Airline cleaner, separator (mechanical or pneumatic) distributor or pneumatic chutes, small drum cleaning feeders, huller gin stands.
 - c. Separator (mechanical), 3-cylinder cleaner, distributor, small drum cleaning feeders, huller gin stands.
 - d. Separator (mechanical or pneumatic) distributor or pneumatic chutes, unit extractor feeders, plain gin stands.
 - e. Separator (mechanical), master extractor, distributor, small drum cleaning feeders, plain gin stands.
 - f. Separator and mechanical or pneumatic distributor or pneumatic chute, big drum cleaner, or multiple drum cleaner with huller breast.
 - g. Other assemblies or arrangements of ginning apparatus which may from time to time be promulgated by the Secretary for improved ginning.
- (2) One or more gin stands which shall be placed in good mechanical condition before service shall be rendered to any customer or patron.
 - (3) A suitable condensing and baling apparatus.
 - (4) No square bale press box shall be greater than 54 inches in length nor more than 27 inches in width.

The Agent Members of the State Administrative Committee are hereby authorized to require any gin under their jurisdiction to submit to tests for the purpose of determining its compliance with the provisions of this exhibit.

4. If and when the Secretary shall have promulgated or recommended standards for materials to be used for bale covering, the use of any other kind or type of bagging and ties shall be prohibited.

5. If and when the Secretary shall have promulgated or recommended the use of a standard type bale identification marker, such identification marker shall be affixed to each square and/or round bale of cotton in such manner as may be prescribed by the Secretary.

6. If and when the Secretary shall have promulgated or recommended the use of a standard type bale identification marker for bales of mixed packed and/or nonuniform quality of cotton, such identification marker shall be affixed to each square and/or round bale of cotton in such manner as may be prescribed by the Secretary.

7. The use of standard materials and/or markers in any crop year in accordance with the immediately foregoing paragraphs 4, 5, and 6 shall not be required unless promulgation or public announcement of such standards shall have been made not later than _____ of the previous year; nor unless a public hearing on the advisability of such standards shall have been held previous to such promulgation or public announcement of such standards.

EXHIBIT C

Cottonseed

1. In the purchase of cotton seed from growers, ginnerers shall pay not less than 90 per cent of the average grade value of the seed purchased. The grade of current seed shall be the average grade of the seed sold each week in each gin community, the grade to be established by the State Administrative Committee. In case seed shall not have been sold during a period of more than ten days, after the expiration of such ten days, ginnerers shall purchase on the basis of the grade of seed sold by the nearest gin making a sale within the period; provided, that in no case shall the difference between the grade price and the price paid by the ginner exceed \$3.00 per ton when the grade of the seed of the last sale is 100 or higher, nor \$4.00 per ton when the grade of the seed of the last sale is below 100. Each ginner shall post a copy of the grade report of each sale of seed in a conspicuous place.
2. The storage of cotton seed by the ginner for account of the farmer is prohibited.
3. Where cotton seed scales are not in common use and seed weights are estimated, the deduction for dirt, trash, and foreign matter shall be determined by various State Administrative Committees from time to time during ginning season. The recommendation of said Committees shall be binding on gins under their supervision. No foreign matter once removed from seed cotton shall be returned into seed. After July 15, 1935, gins shall purchase seed on actual weight of same, except where sterilization of cotton seed is required under quarantine regulations, in which case seed purchases will be on estimated weight as determined from time to time by the State Administrative Committee.
4. Plant breeders and cottonseed growers approved by the State Committees, shall have the privilege of contracting acreage, exclusive ginning, storage, and sale of planting seed; provided that in States which have established certification standards, the State Committee shall approve only those growers who meet these standards.
5. Each ginner shall make it a condition of his ginning contract that when requested in writing by the Secretary or his duly authorized agent he shall draw from the press box a true and representative sample of each bale ginned and will forward the same to the Secretary, with such identification marks and information as the Secretary may require. Each such sample shall weigh approximately four ounces.